CITY OF GULFPORT
MUNICIPAL POLICE OFFICERS' TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2024

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2026

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

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January 15, 2025

Board of Trustees
City of Gulfport
Police Officers' Pension Board

Re: City of Gulfport Municipal Police Officers' Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Gulfport Municipal Police Officers' Trust Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112 and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Gulfport, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

Additionally, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models that apply the funding rules to generate the results. All internally developed models are reviewed as part of the valuation process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.

The undersigned are familiar with the immediate and long-term aspects of pension valuations, and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Gulfport, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Municipal Police Officers' Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: Patrick T. Donlan

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #23-6595

By: Sara Carlson

Sara E. Carlson, ASA, EA, MAAA
Enrolled Actuary #23-8546

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Gulfport Municipal Police Officers' Trust Fund, performed as of October 1, 2024, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2026.

The contribution requirements, compared with those set forth in the April 8, 2024 actuarial impact statement, are as follows:

Valuation Date	10/1/2024	10/1/2023
Applicable to Fiscal Year Ending	9/30/2026	9/30/2025
Minimum Required Contribution		
% of Projected Annual Payroll	31.5%	31.9%
Member Contributions (Est.)		
% of Projected Annual Payroll	8.5%	8.5%
City And State Required Contribution		
% of Projected Annual Payroll	**23.0%**	**23.4%**
State Contribution (Est.) [1]	$151,185	$151,185
% of Projected Annual Payroll (Est.)	5.4%	5.4%
City Required Contribution (Est.) [2]		
% of Projected Annual Payroll (Est.)	17.6%	18.0%

[1] Represents the amount received in calendar 2024. As per a Mutual Consent Agreement between the Membership and the City, all State Monies received each year will be available to offset the City's required contribution.

[2] The required contribution from the combination of City and State sources for the year ending September 30, 2026, is 23.0% of the actual payroll realized in that year. As a budgeting tool, the City may contribute 17.6% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. Please note that the City has access to a prepaid contribution of $34,881.55 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2025.

As you can see, the Minimum Required Contribution shows a decrease when compared to the results set forth in the April 8, 2024 actuarial impact statement. The decrease is attributable to a 13.7% increase in the Projected Annual Payroll. When represented as a dollar amount, the Minimum Required Contribution increased, largely due to unfavorable actuarial experience as described below.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an average salary increase of 11.52% which exceeded the 6.01% assumption, unfavorable turnover experience, and an investment return of 6.24% (Actuarial Asset Basis) which fell short of the 7.15% assumption. These losses were offset in part by a gain associated with inactive mortality experience.

CHANGES SINCE PRIOR VALUATION

Plan Changes

Ordinance No. 2024-04 was adopted on May 21, 2024 and provided that effective October 1, 2023, the monthly benefit being received by all retirees, joint pensioners or beneficiaries who were receiving a benefit on October 1, 2022 shall be increased by six percent (6.0%). This was a one-time increase in benefits.

The impact of this change on the funding requirements can be found in our Actuarial Impact Statement dated April 8, 2024.

Actuarial Assumption/Method Changes

There have been no assumption or method changes since the prior valuation.

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1)	Contribution Determined as of October 1, 2023 *(As set forth in the April 8, 2024 Actuarial Impact Statement)*	17.8%
(2)	Summary of Contribution Impact by component:	
	Change in State Contribution Percentage	0.2%
	Change in Normal Cost Rate	0.3%
	Change in Administrative Expense Percentage	-0.4%
	Payroll Change Effect on UAAL Amortization	-1.8%
	Investment Return (Actuarial Asset Basis)	0.4%
	Salary Increases	1.0%
	Active Decrements	0.7%
	Inactive Mortality	-0.6%
	UAAL Amortization Impact from Contribution Policy	0.0%
	Assumption Change	0.0%
	Other	0.0%
	Total Change in Contribution	-0.2%
(3)	Contribution Determined as of October 1, 2024	17.6%

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	10/1/2024	10/1/2023
A. Participant Data		
Actives	29	31
Service Retirees	17	16
DROP Retirees	2	0
Beneficiaries	3	3
Disability Retirees	2	2
Terminated Vested	17	17
Total	70	69
Projected Annual Payroll	2,794,588	2,457,336
Annual Rate of Payments to:		
Service Retirees	519,189	524,735
DROP Retirees	165,955	0
Beneficiaries	28,742	28,742
Disability Retirees	36,738	36,738
Terminated Vested	81	18,177
B. Assets		
Actuarial Value (AVA) [1]	14,864,345	13,925,330
Market Value (MVA) [1]	15,322,116	12,521,609
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	12,418,168	13,191,683
Disability Benefits	109,360	101,787
Death Benefits	35,884	34,598
Vested Benefits	659,026	601,777
Refund of Contributions	225,886	188,077
Service Retirees	5,010,329	4,910,900
DROP Retirees [1]	2,287,926	0
Beneficiaries	162,781	168,273
Disability Retirees	374,910	379,012
Terminated Vested	94,787	305,562
Share Plan Balances [1]	113,765	93,041
Total	21,492,822	19,974,710

C. Liabilities - (Continued)	10/1/2024	10/1/2023
Present Value of Future Salaries	16,838,709	15,428,798
Present Value of Future Member Contributions	1,431,290	1,311,448
Normal Cost (Retirement)	287,649	249,615
Normal Cost (Disability)	8,861	7,640
Normal Cost (Death)	1,551	1,363
Normal Cost (Vesting)	42,808	36,923
Normal Cost (Refunds)	33,696	27,678
Total Normal Cost	374,565	323,219
Present Value of Future Normal Costs	2,192,423	1,970,269
Accrued Liability (Retirement)	10,690,350	11,628,080
Accrued Liability (Disability)	59,516	56,745
Accrued Liability (Death)	26,834	26,274
Accrued Liability (Vesting)	405,567	379,539
Accrued Liability (Refunds)	73,634	57,015
Accrued Liability (Inactives) [1]	7,930,733	5,763,747
Share Plan Balances [1]	113,765	93,041
Total Actuarial Accrued Liability (EAN AL)	19,300,399	18,004,441
Unfunded Actuarial Accrued Liability (UAAL)	4,436,054	4,079,111
Funded Ratio (AVA / EAN AL)	77.0%	77.3%

D. Actuarial Present Value of Accrued Benefits

Actuarial Present Value of Accrued Benefits	10/1/2024	10/1/2023
Vested Accrued Benefits		
Inactives + Share Plan Balances [1]	8,044,498	5,856,788
Actives	5,575,182	6,585,225
Member Contributions	1,781,029	1,924,410
Total	15,400,709	14,366,423
Non-vested Accrued Benefits	353,264	236,115
Total Present Value Accrued Benefits (PVAB)	15,753,973	14,602,538
Funded Ratio (MVA / PVAB)	97.3%	85.7%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	795,097	
Benefits Paid	(664,005)	
Interest	1,020,343	
Other	0	
Total	1,151,435	

Valuation Date	10/1/2024	10/1/2023
Applicable to Fiscal Year Ending	9/30/2026	9/30/2025
E. Pension Cost		
Normal Cost (with interest)		
% of Projected Annual Payroll [2]	13.9	13.6
Administrative Expenses (with interest)		
% of Projected Annual Payroll [2]	2.3	2.7
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 23 years (as of 10/1/2024, with interest)		
% of Projected Annual Payroll [2]	15.3	15.6
Minimum Required Contribution		
% of Projected Annual Payroll [2]	31.5	31.9
Expected Member Contributions		
% of Projected Annual Payroll [2]	8.5	8.5
Expected City and State Contribution		
% of Projected Annual Payroll [2]	23.0	23.4
F. Past Contributions		
Plan Years Ending:	9/30/2024	
City and State Requirement	572,690	
Actual Contributions Made:		
Members (excluding buyback)	218,710	
City	421,505	
State	151,185	
Total	791,400	
G. Net Actuarial (Gain)/Loss	466,984	

[1] The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2024 and 9/30/2023.

[2] Contributions developed as of 10/1/2024 are expressed as a percentage of Projected Annual Payroll at 10/1/2024 of $2,794,588.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

Year	Projected Unfunded Actuarial Accrued Liability
2024	4,436,054
2025	4,311,796
2026	4,174,456
2031	3,254,551
2037	1,612,296
2042	277,592
2047	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

		Actual	Assumed
Year Ended	9/30/2024	11.52%	6.01%
Year Ended	9/30/2023	7.38%	4.72%
Year Ended	9/30/2022	11.40%	5.50%
Year Ended	9/30/2021	5.92%	5.50%
Year Ended	9/30/2020	2.60%	5.50%

(ii) 5 Year Comparison of Investment Return on Market Value and Actuarial Value

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2024	21.97%	6.24%	7.15%
Year Ended	9/30/2023	9.16%	3.16%	7.15%
Year Ended	9/30/2022	-18.18%	4.34%	7.15%
Year Ended	9/30/2021	18.83%	9.74%	7.50%
Year Ended	9/30/2020	9.45%	7.97%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2024	$2,794,588
	10/1/2014	1,968,637
(b) Total Increase		41.96%
(c) Number of Years		10.00
(d) Average Annual Rate		3.57%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Sara Carlson

Sara E. Carlson, ASA, EA, MAAA
Enrolled Actuary #23-8546

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112, Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

Mr. Steve Bardin
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2023	$4,079,111
(2)	Sponsor Normal Cost developed as of October 1, 2023	114,345
(3)	Expected administrative expenses for the year ended September 30, 2024	63,796
(4)	Expected interest on (1), (2) and (3)	302,113
(5)	Sponsor contributions to the System during the year ended September 30, 2024	572,690
(6)	Expected interest on (5)	17,605
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2024 (1)+(2)+(3)+(4)-(5)-(6)	3,969,070
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	466,984
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2024	4,436,054

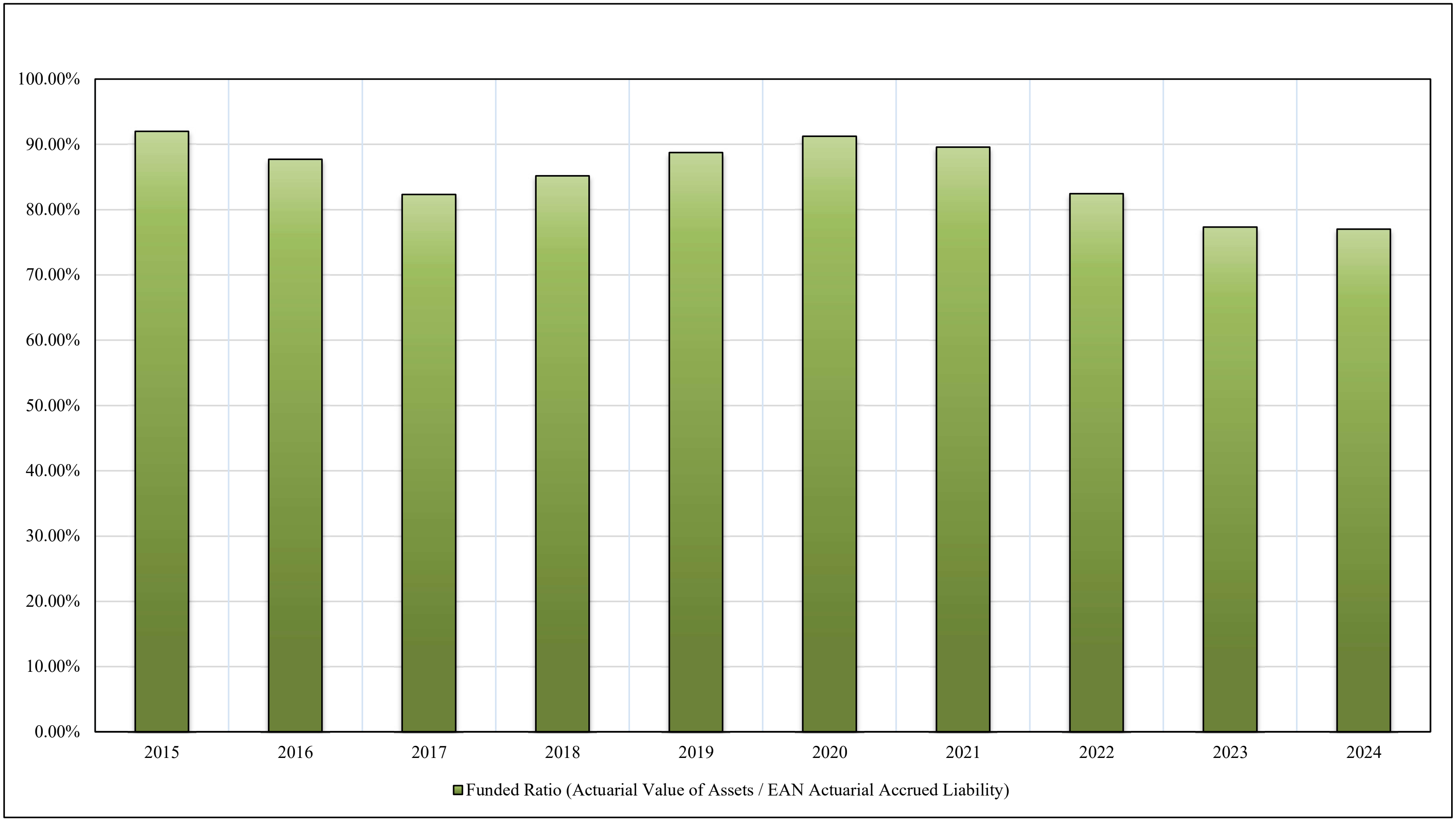
Type of Base	Date Established	Years Remaining	10/1/2024 Amount	Amortization Amount
"A"	10/1/2000	6	114,788	22,091
2.75% BR	10/1/2005	11	183,343	22,060
Assump Change	10/1/2007	13	191,583	20,558
Method	10/1/2008	4	(25,746)	(7,023)
2.83% BR	10/1/2010	16	48,609	4,576
2.87% BR	10/1/2011	17	58,690	5,331
2.86% BR	10/1/2012	18	(15,969)	(1,404)
Software	10/1/2013	9	(120,796)	(16,835)
Assump Change	10/1/2013	9	22,794	3,177
2.87% BR	10/1/2013	19	14,485	1,237
2.88% BR	10/1/2014	20	18,526	1,539
Chapter 2015-39	10/1/2016	12	(1,196)	(135)
Assump Change	10/1/2016	12	288,270	32,646
Cost Method Change	10/1/2017	13	545,298	58,514
Assump Change	10/1/2017	13	270,493	29,026
3.00% Ad Hoc COLA	10/1/2017	23	138,096	10,710
Actuarial Gain	10/1/2018	14	(248,238)	(25,383)
Actuarial Gain	10/1/2019	15	(291,825)	(28,571)
Actuarial Gain	10/1/2020	16	(789)	(74)

Type of Base	Date Established	Years Remaining	10/1/2024 Amount	Amortization Amount
Asmp/Mthd Change	10/1/2020	16	(198,254)	(18,663)
Actuarial Gain	10/1/2021	17	(155,283)	(14,106)
Assump Change	10/1/2021	17	578,747	52,574
Actuarial Loss	10/1/2022	18	690,730	60,743
Asmp/Mthd Change	10/1/2022	18	700	62
Benefit Change	10/1/2022	18	608,705	53,530
Actuarial Loss	10/1/2023	19	976,210	83,342
Benefit Change	10/1/2023	19	277,099	23,657
Actuarial Loss	10/1/2024	20	466,984	38,800
			4,436,054	411,979

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2023	$4,079,111
(2)	Expected UAAL as of October 1, 2024	3,969,070
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	127,983
	Salary Increases	318,433
	Active Decrements	217,467
	Inactive Mortality	(189,179)
	Interest Crediting on Share Plan Balances	13,823
	Other	(21,543)
	Increase in UAAL due to (Gain)/Loss	466,984
	Assumption Changes	0
(4)	Actual UAAL as of October 1, 2024	$4,436,054

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate	*Healthy Active Lives:* **Female:** PubS.H-2010 for Employees, set forward one year. **Male:** PubS.H-2010 for Employees, set forward one year. *Healthy Retiree Lives:* **Female:** PubS.H-2010 for Healthy Retirees, set forward one year. **Male:** PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year. *Beneficiary Lives:* **Female:** PubG.H-2010 (Below Median) for Healthy Retirees. **Male:** PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. *Disabled Lives:* 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees. All rates for healthy lives are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements. The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.
Interest Rate	7.15% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases	Years of Service	Assumed Increase
	< 1 Year	15.0%
	1 Year	10.0%
	2+ Years	4.25%

Salary Increases (continued)

Projected salary at retirement is increased 20% to account for non-regular compensation.

The assumption resulted from an Actuarial Experience Study dated April 15, 2022

Payroll Growth

0.95% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.

Administrative Expenses

$62,163 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Amortization Method

New UAAL amortization bases are amortized over 20 years.

The amortization payment is subject to a minimum based on a 30-year amortization of the UAAL, if the UAAL is positive, in order to comply with Actuarial Standard of Practice No. 4.

Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.

Funding Method

Entry Age Normal Actuarial Cost Method. The following loads are applied for determining the minimum required contribution:

Interest - A half year, based on current 7.15% assumption.

Salary - None.

Retirement Age

Earlier of 1.) Age 55 and 10 years of service or 2.) 25 years of service, regardless of age. This assumption was supported in the April 15, 2022 Actuarial Experience Study.

Early Retirement

Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. This assumption was supported in the April 15, 2022 Actuarial Experience Study.

Termination Rate

Years of Service	Withdrawal Rate
< 1 Year	20.0%
1 Year	15.0%
2-9 Years	10.0%
10-19 Years	5.0%
20+ Years	0.0%

The assumption resulted from an Actuarial Experience Study dated April 15, 2022

Disability Rate

See table of sample rates below.

Age	% Becoming Disabled During the Year
20	0.03%
30	0.04%
40	0.07%
50	0.18%

It is assumed that 75% of disablements are service related. This assumption was supported in the April 15, 2022 Actuarial Experience Study.

Actuarial Asset Method

All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Low-Default-Risk Obligation Measure

Based on the Entry Age Normal Actuarial Cost Method and an interest rate of 4.06% per year compounded annually, net of investment related expenses. This rate is consistent with the Yield to Maturity of the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2024. All other assumptions for the Low-Default-Risk Obligation Measure are consistent with the assumptions shown in this section unless otherwise noted.

GLOSSARY

Actuarial Value of Assets is the asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals:

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

Market Value of Assets is the fair market value of plan assets as of the valuation date. This amount may be adjusted to produce an Actuarial Value of Assets for plan funding purposes.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded. Under the Entry Age Normal cost method, it is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Payroll Under Assumed Ret. Age is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members, excluding any Members who are assumed to retire with 100% probability on the valuation date.

Projected Annual Payroll is the projected annual rate of pay for the fiscal year following the fiscal year beginning on the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current plan participants.

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the Actuarial Value of Assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined using various actuarial assumptions. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- <u>Investment Return</u>: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.

- <u>Salary Increases</u>: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.

- <u>Payroll Growth</u>: The plan's payroll growth assumption, if one is used, causes a predictable annual increase in the plan's amortization payment in order to produce an amortization payment that remains constant as a percentage of payroll if all assumptions are realized. If payroll increases less than the plan's payroll growth assumption, the plan's amortization payment can increase significantly as a percentage of payroll even if all assumptions other than the payroll growth assumption are realized.

- <u>Demographic Assumptions:</u> Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, closed plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature closed plans with a substantial inactive liability. Similarly, mature closed plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled "Plan Maturity Measures and Other Risk Metrics". Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 140.9% on October 1, 2014 to 116.0% on October 1, 2024, indicating that the plan has been maturing during the period.

- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 41.1%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in lower volatility in contribution requirements when compared to a more mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.

- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has decreased from 90.3% on October 1, 2014 to 77.0% on October 1, 2024.

- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, decreased from 1.2% on October 1, 2014 to 0.4% on October 1, 2024. The current Net Cash Flow Ratio of 0.4% indicates that contributions are generally covering the plan's benefit payments and administrative expenses.

Low Default-Risk Obligation Measure

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a “low-default-risk obligation measure” (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 11 in terms of member data, plan provisions, and assumptions/methods, under the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.06%, resulting in an LDROM of $28,804,708. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan’s contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan’s Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan’s diversified portfolio compared to investing only in high quality bonds.

The actuarial valuation reports the funded status and develops contributions based on the expected return of the plan’s investment portfolio. If instead, the plan switched to investing exclusively in high quality bonds, the LDROM illustrates that reported funded status would be lower (which also implies that the Actuarially Determined Contributions would be higher), perhaps significantly. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security.

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	10/1/2024	10/1/2023	10/1/2019	10/1/2014
Support Ratio				
Total Actives	29	31	31	31
Total Inactives [1]	25	23	24	22
Actives / Inactives [1]	116.0%	134.8%	129.2%	140.9%
Asset Volatility Ratio				
Market Value of Assets (MVA)	15,322,116	12,521,609	10,944,459	8,481,277
Total Annual Payroll	2,794,588	2,784,865	2,292,470	1,968,637
MVA / Total Annual Payroll	548.3%	449.6%	477.4%	430.8%
Accrued Liability (AL) Ratio				
Inactive Accrued Liability	7,930,733	5,763,747	5,719,692	4,932,921
Total Accrued Liability (EAN)	19,300,399	18,004,441	12,558,427	8,889,032
Inactive AL / Total AL	41.1%	32.0%	45.5%	55.5%
Funded Ratio				
Actuarial Value of Assets (AVA)	14,864,345	13,925,330	11,145,812	8,026,757
Total Accrued Liability (EAN)	19,300,399	18,004,441	12,558,427	8,889,032
AVA / Total Accrued Liability (EAN)	77.0%	77.3%	88.8%	90.3%
Net Cash Flow Ratio				
Net Cash Flow [2]	66,360	24,468	(62,245)	99,227
Market Value of Assets (MVA)	15,322,116	12,521,609	10,944,459	8,481,277
Ratio	0.4%	0.2%	-0.6%	1.2%

[1] Excludes terminated participants awaiting a refund of member contributions.

[2] Determined as total contributions minus benefit payments and administrative expenses.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

Received During Fiscal Year	Amount	Increase from Previous Year
1998	36,918.51	_____%
1999	39,868.12	8.0%
2000	37,769.75	-5.3%
2001	39,423.20	4.4%
2002	44,236.97	12.2%
2003	50,978.49	15.2%
2004	62,623.61	22.8%
2005	67,234.99	7.4%
2006	75,623.51	12.5%
2007	80,365.89	6.3%
2008	78,135.81	-2.8%
2009	88,139.09	12.8%
2010	88,413.45	0.3%
2011	79,722.59	-9.8%
2012	86,189.16	8.1%
2013	84,285.98	-2.2%
2014	86,155.13	2.2%
2015	90,084.08	4.6%
2016	93,326.16	3.6%
2017	93,186.46	-0.1%
2018	101,800.83	9.2%
2019	105,893.06	4.0%
2020	102,009.35	-3.7%
2021	102,117.04	0.1%
2022	110,180.47	7.9%
2023	136,732.84	24.1%
2024	151,184.85	10.6%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024

ASSETS	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	271,786.48	271,786.48
Cash	32,951.52	32,951.52
Total Cash and Equivalents	304,738.00	304,738.00
Receivables:		
Member Contributions in Transit	8,414.90	8,414.90
City Contributions in Transit	114,221.54	114,221.54
Investment Income	30,816.80	30,816.80
Total Receivable	153,453.24	153,453.24
Investments:		
U. S. Bonds and Bills	675,252.02	652,948.58
Federal Agency Guaranteed Securities	1,798,416.56	1,704,186.13
Corporate Bonds	2,072,286.26	1,959,641.62
Mutual Funds:		
Equity	5,996,939.62	9,622,267.21
Pooled/Common/Commingled Funds:		
Real Estate	1,120,237.88	961,329.20
Total Investments	11,663,132.34	14,900,372.74
Total Assets	12,121,323.58	15,358,563.98
LIABILITIES		
Payables:		
Prior Refunds	1,458.06	1,458.06
Prepaid Member Contribution	108.50	108.50
Prepaid City Contribution	34,881.55	34,881.55
Total Liabilities	36,448.11	36,448.11
NET POSITION RESTRICTED FOR PENSIONS	12,084,875.47	15,322,115.87

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2024
Market Value Basis

ADDITIONS			
Contributions:			
Member		218,710.36	
City		421,505.32	
State		151,184.85	
Total Contributions			791,400.53
Investment Income:			
Net Realized Gain (Loss)	784,339.48		
Unrealized Gain (Loss)	1,633,815.38		
Net Increase in Fair Value of Investments		2,418,154.86	
Interest & Dividends		370,549.43	
Less Investment Expense[1]		(54,556.69)	
Net Investment Income			2,734,147.60
Total Additions			3,525,548.13
DEDUCTIONS			
Distributions to Members:			
Benefit Payments		611,558.52	
Lump Sum DROP Distributions		0.00	
Lump Sum Share Distributions		0.00	
Lump Sum PLOP Distributions		49,870.49	
Refunds of Member Contributions		2,575.69	
Total Distributions			664,004.70
Administrative Expense			61,036.36
Total Deductions			725,041.06
Net Increase in Net Position			2,800,507.07
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			12,521,608.80
End of the Year			15,322,115.87

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
September 30, 2024

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Gains/Losses Not Yet Recognized

Plan Year Ending	Gain/(Loss)	Amounts Not Yet Recognized by Valuation Year 2024	2025	2026	2027	2028
09/30/2021	1,340,439	268,087	0	0	0	0
09/30/2022	(3,550,120)	(1,420,048)	(710,024)	0	0	0
09/30/2023	237,720	142,632	95,088	47,544	0	0
09/30/2024	1,833,875	1,467,100	1,100,325	733,550	366,775	0
Total		457,771	485,389	781,094	366,775	0

Development of Investment Gain/Loss

Market Value of Assets, including Prepaid Contributions, 09/30/2023	12,559,499
Contributions Less Benefit Payments & Admin Expenses	63,459
Expected Investment Earnings*	900,273
Actual Net Investment Earnings	2,734,148
2024 Actuarial Investment Gain/(Loss)	1,833,875

*Expected Investment Earnings = 0.0715 * (12,559,499 + 0.5 * 63,459)

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2024	15,322,116
(2) Gains/(Losses) Not Yet Recognized	457,771
(3) Actuarial Value of Assets, 09/30/2024, (1) - (2)	14,864,345
(4) Limited Actuarial Value of Assets, 09/30/2024	14,864,345
(A) 09/30/2023 Actuarial Assets, including Prepaid Contributions:	13,963,220
(I) Net Investment Income:	
1. Interest and Dividends	370,549
2. Realized Gain (Loss)	784,339
3. Unrealized Gain (Loss)	1,633,815
4. Change in Actuarial Value	(1,861,492)
5. Investment Expenses	(54,557)
Total	872,656
(B) 09/30/2024 Actuarial Assets, including Prepaid Contributions:	14,899,335
Actuarial Assets Rate of Return = 2I/(A+B-I):	6.24%
Market Value of Assets Rate of Return:	21.97%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	(127,983)

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
SEPTEMBER 30, 2024
Actuarial Asset Basis

REVENUES		
Contributions:		
Member	218,710.36	
City	421,505.32	
State	151,184.85	
Total Contributions		791,400.53
Earnings from Investments:		
Interest & Dividends	370,549.43	
Net Realized Gain (Loss)	784,339.48	
Unrealized Gain (Loss)	1,633,815.38	
Change in Actuarial Value	(1,861,492.00)	
Total Earnings and Investment Gains		927,212.29
EXPENDITURES		
Distributions to Members:		
Benefit Payments	611,558.52	
Lump Sum DROP Distributions	0.00	
Lump Sum Share Distributions	0.00	
Lump Sum PLOP Distributions	49,870.49	
Refunds of Member Contributions	2,575.69	
Total Distributions		664,004.70
Expenses:		
Investment related[1]	54,556.69	
Administrative	61,036.36	
Total Expenses		115,593.05
Change in Net Assets for the Year		939,015.07
Net Assets Beginning of the Year		13,925,329.80
Net Assets End of the Year[2]		14,864,344.87

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.
[2]Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2023 to September 30, 2024

Beginning of the Year Balance	0.00
Plus Additions	139,587.65
Investment Return Earned	8,940.65
Less Distributions	0.00
End of the Year Balance	148,528.30

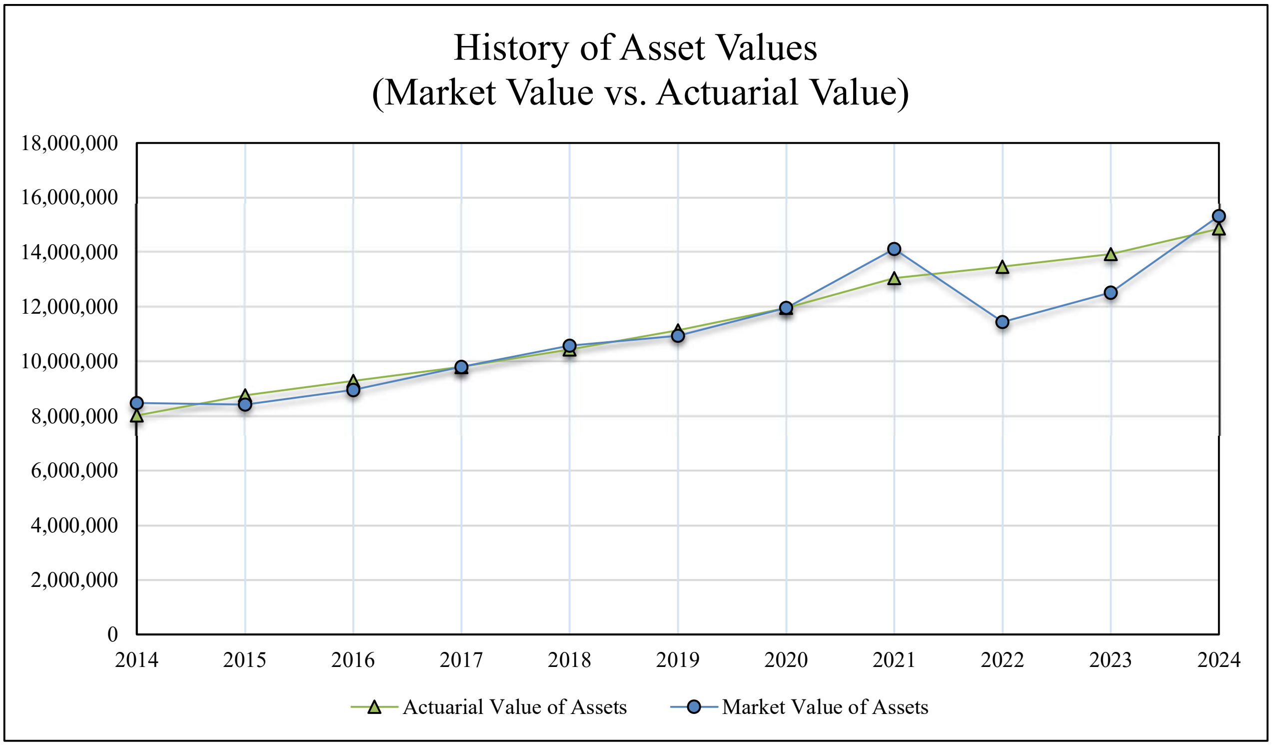
SUPPLEMENTAL CHAPTER 185 SHARE PLAN ACTIVITY
October 1, 2023 through September 30, 2024

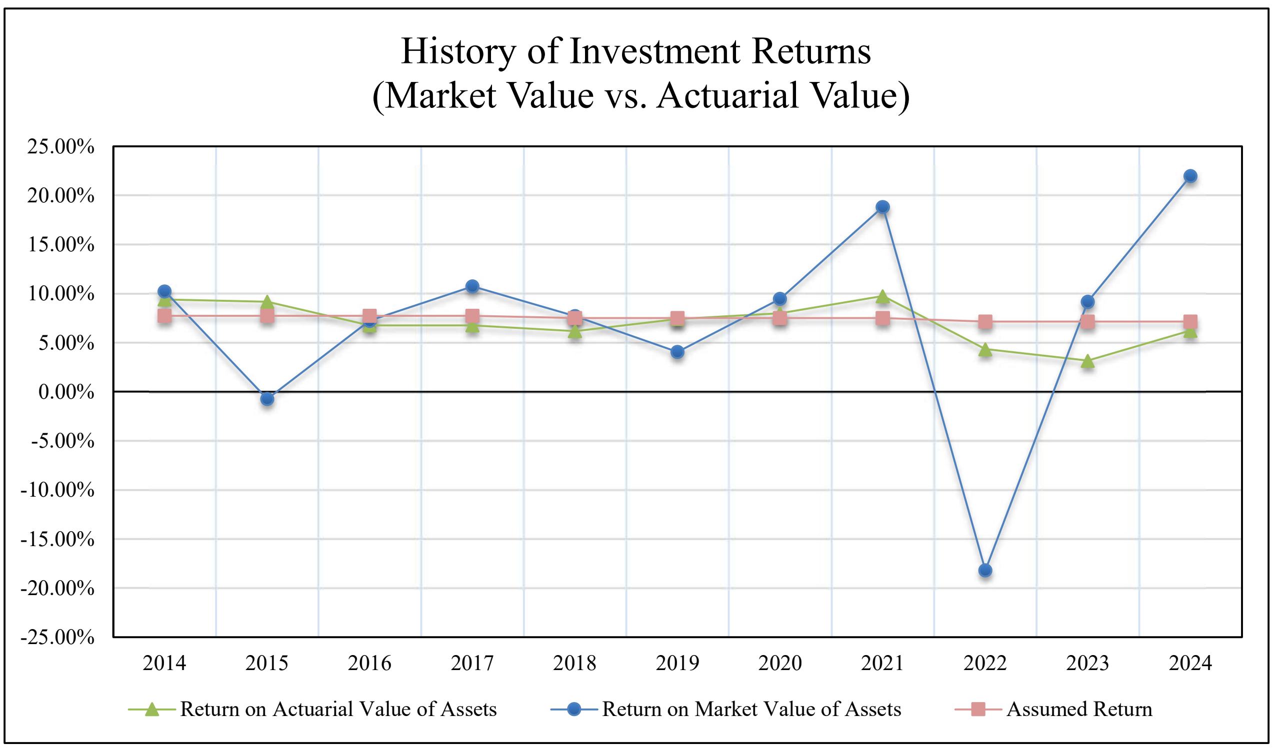
9/30/2023 Balance	93,040.52
Prior Year Adjustment	231.99
Plus Additions	0.00
Investment Return Earned (Est.)	20,492.00
Less Distributions	0.00
9/30/2024 Balance (Est.)	113,764.51

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2024

(1)	City and State Required Contribution Rate	22.2%
(2)	Pensionable Payroll	$2,579,685.46
(3)	City and State Required Contribution (1) x (2)	572,690.17
(4)	Less Allowable State Contribution	(151,184.85)
(5)	Equals Required City Contribution for Fiscal 2024	421,505.32
(6)	Less 2023 Prepaid Contribution	(37,890.36)
(7)	Less Actual City Contributions	(418,496.51)
(8)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2024	($34,881.55)

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS





STATISTICAL DATA

	10/1/2024	10/1/2023	10/1/2022	10/1/2021
Actives				
Number	29	31	25	30
Average Current Age	39.5	40.5	40.8	39.3
Average Age at Employment	28.9	29.4	28.0	28.8
Average Past Service	10.6	11.1	12.8	10.5
Average Annual Salary	$96,365	$89,834	$90,729	$78,846
Service Retirees				
Number	17	16	16	17
Average Current Age	69.0	70.2	70.9	69.4
Average Annual Benefit	$30,541	$32,796	$28,905	$27,594
DROP Retirees				
Number	2	0	0	0
Average Current Age	54.5	N/A	N/A	N/A
Average Annual Benefit	$82,978	N/A	N/A	N/A
Beneficiaries				
Number	3	3	2	1
Average Current Age	78.9	77.9	75.6	89.2
Average Annual Benefit	$9,581	$9,581	$13,358	$20,091
Disability Retirees				
Number	2	2	3	3
Average Current Age	59.0	58.0	61.3	60.3
Average Annual Benefit	$18,369	$18,369	$16,165	$16,327
Terminated Vested				
Number	17	17	16	11
Average Current Age [1]	77.8	65.8	60.6	59.6
Average Annual Benefit [1]	$81	$9,089	$18,812	$18,812

[1] The Average Current Age and Average Annual Benefit exclude participants awaiting a refund of contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19												0
20 - 24	1											1
25 - 29	1	3	1			2						7
30 - 34		1		1		1						3
35 - 39		1				1	1					3
40 - 44	1							3	1			5
45 - 49									2			2
50 - 54						2		1	4			7
55 - 59		1										1
60 - 64												0
65+												0
Total	3	6	1	1	0	6	1	4	7	0	0	29

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2023	31
b. Terminations	
i. Vested (partial or full) with deferred annuity	0
ii. Vested in refund of member contributions only	(1)
iii. Refund of member contributions or full lump sum distribution	(1)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(1)
f. DROP	(2)
g. Continuing participants	26
h. New entrants / Rehires	3
i. Total active life participants in valuation	29

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving Benefits	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	Total
a. Number prior valuation	16	0	3	2	2	15	38
Retired	2				(1)		1
DROP		2					2
Vested (Deferred Annuity)							0
Vested (Due Refund)						1	1
Hired/Terminated in Same Year							0
Death, With Survivor							0
Death, No Survivor	(1)						(1)
Disabled							0
Refund of Contributions							0
Rehires							0
Expired Annuities							0
Data Corrections							0
b. Number current valuation	17	2	3	2	1	16	41

SUMMARY OF CURRENT PLAN
(Through Ordinance No. 2024-04)

Eligibility	Full-time employees who are classified as sworn police officers (except the Chief of Police, who is not eligible) shall participate in the System as a condition of employment.
Credited Service	Total years and fractional parts of years of service with the City as a Police Officer.
Salary	Total compensation reportable on Form W-2 for services rendered, plus tax deferred, tax exempt, and tax sheltered items of income.
Average Final Compensation	Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination.
Member Contributions	8.5% of Salary (8.0% through September 30, 2023).
City Contribution for Member	1% of Salary.
City and State Contributions	Remaining amount required in order to pay current costs and amortize the unfunded past service cost, if any, over 30 years.
Normal Retirement	
Date	Earlier of: 1) Age 55 and 10 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age (age 52 and 25 years of Credited Service if retired prior to October 1, 2023).
Benefit	3.00% (2.88% if retired prior to October 1, 2023) of Average Final Compensation times Credited Service.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
Early Retirement	
Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year for each year that Early Retirement precedes Normal Retirement.

Vesting

Schedule	100% after 10 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date (unreduced) or Early Retirement Date (reduced).

Disability

Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred).
Duration	Payable for life (with 10 years certain) or until recovery (options available).

Death Benefits

Pre-Retirement	
Vested	Monthly accrued benefit payable to designated beneficiary for 10 years.
Non-Vested	Refund of accumulated contributions without interest.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

Board of Trustees

a. Two Council appointees,

b. Two Members of the Department elected by the membership, and

c. Fifth Member elected by other 4 and appointed by Council

Chapter 185 Share Accounts	Ordinance 2016-01 established a Share Plan and was funded by the allowable state monies determined under an annual “default” actuarial calculation. Effective October 1, 2023, all future state monies will be utilized by the City and there will be no further allocations to the Share Plan.

Deferred Retirement Option Plan (DROP)

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 60 months.
Rate of Return	At Member’s election: • Fixed Rate 3.0% compounded monthly, or • Actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs) credited each fiscal quarter.
Form of Distribution	Cash lump sum at termination of employment (options available).